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October 21, 1994

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Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N. W.
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

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RE: Ex Parte - MM Docket No. 92-266, Implementation of
Sections of the Cable Television Consumer Protection and
Competition Act of 1992: Rate Regulation

Dear Mr. Caton:

Please find enclosed a copy of a letter submitted to the Commissioners by Cox
Cable Communications for filing in the above-referenced docket. If there are any
questions concerning this matter, please contact the undersigned.

Sincerely,

Alexander Netchvolodoff

Alexander V. Netchvolodoff

cc: Blair Levin
Maureen O'Connell
Lisa Smith
Mary McManus
Jill Lockett
Kathy Wallman
Meredith Jones

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**Cox Cable
Communications**

A Division of Cox Enterprises, Inc.

James C. Robbins
President

October 20, 1994

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**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY**

**The Honorable Reed E. Hundt
Federal Communications Commission
1919 M Street, NW, Room 814
Washington, DC 20554**

Dear Reed:

I am writing to express my grave concern about the resolution of the cable "going forward" proceeding.

When adopting its February 1994 order requiring cable operators to reduce their regulated rates by 17 percent, the Commission stressed that cable systems would nonetheless be given strong incentives under its rules to add the new programming services that have been the hallmark of cable's success with consumers. This message was reinforced by your speech before the industry at the NCTA convention in May.

In response to the Commission's request for additional thoughts and data on how the going forward rules might be crafted to provide such incentives, the industry labored over the summer and reached a consensus position. The significance of this accomplishment cannot be understated, given the diverse interests involved. The consensus position is supported almost unanimously by operators and programmers, large enterprises and small start-up companies alike.

As you know, the consensus of the industry is that recovery of a mark-up of 25 cents, plus the program license fee, is needed to incentivize operators to add new program services to regulated tiers. In recognition of concerns that rates not rise too quickly in any one year, the industry has also proposed that an annual cap of \$1.50 be placed on rate increases due to the addition of such channels. Finally, in hopes of securing greater certainty in the application of the Commission's a la carte rules, the industry has suggested that, in addition to the 15 factors used to identify rate evasions, a "safe harbor" be created to assure cable operators that certain packages of a la carte channels will not be regulated if specific restrictions are followed.

This consensus is not simply a political accommodation of divergent views. To the contrary, it is based on the real-life experience, expertise and business judgment of programmers and operators. Indeed, the proposed figures are supported by several sound economic studies in the record, as well as Cox's own analysis of regulated rates which it has submitted to the Commission. (see Cox Enterprises, Inc. Position Paper on FCC Cable "Going Forward" Proposals, submitted September 26, 1994)

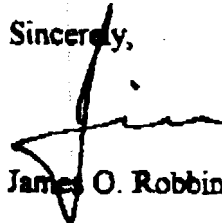
Despite the record support for the industry's proposal, however, Cox has heard that the Commission may be considering numbers that are significantly lower. I urge you to evaluate carefully the record evidence and give the industry an opportunity to respond to any concerns you may have about that evidence before you reach a decision in this area. Cox strongly believes that rules which significantly discount the industry's figures will result in the continued stagnation of the programming marketplace: new channels simply will not be added to regulated tiers. This result would be disastrous for operators, programmers and, most importantly, consumers, who very much desire to purchase the new programming that systems and programmers wish to provide.

Cox also is extremely concerned that the Commission may be planning to severely curtail operators' flexibility with respect to a la carte packages. As explained in its previous filings on this issue, Cox will be unable to communicate with its subscribers in a 500-channel world if it is precluded, as a practical matter, from jointly marketing a la carte channels. It also must retain the flexibility to rearrange its service offerings to best respond to consumer and/or competitive demands -- particularly in view of the increasing competition from other multichannel video providers that the Commission is actively promoting. Cox earnestly believes that an appropriate policy solution can be crafted that preserves this needed flexibility (and the service innovation that results) while still preventing possible rate evasions.

With the Commission's VDT ruling today and the potential meagerness of what we believe may be in the "going forward" rules, it certainly adds to the urgency of upgrade/rebuild relief at the earliest possible moment.

I would be happy to discuss my concerns with you in more detail. Please let me know if I can be of further assistance.

Sincerely,



James O. Robbins

JOR/mb